

Fiscal Year 2002 - 4th Quarter Report
University of Delaware
Period of Coverage: July 1 - September 30, 2002

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A. PREVIOUS REPORT UPDATE

During the reported period UD/FLAG has continued its assistance to private Bulgarian enterprises through providing a series of in-country training offerings on financial management and business development topics, as well as finance facilitation and business planning consulting services.

UD/FLAG is in the process of holding series of meetings and follow-ups with representatives of major Bulgarian commercial banks, aimed at cooperation for providing value added services directed to clients in the following areas: assistance to bank clients in their preparation of bankable projects, business plan and credit application preparation; training to selected SME clients of the banks tailored to their specific needs and demands.

B. MAJOR IMPLEMENTATION ACCOMPLISHMENTS

TOURISM CLUSTER

UD/FLAG and the Bulgarian Hotel and Restaurant Association jointly organized and conducted the first in Bulgaria virtual conference titled Tourism – the Priority Sector of Bulgaria, July 17, 2002 at the Hilton Hotel. The conference agenda included a virtual discussion between Sofia and Albena Resort on the competitiveness of Bulgarian tourism; tax legislation regulation implementation, foreign and domestic investment; the introduction of European standards for products and services; and enhanced qualification of tourism personnel. The conference achieved its stated goal of furthering the private-public dialog. A major highlight was the Sofia – Albena digital video conferencing that allowed participants on both ends to communicate via real time digital connection. The event attracted close to 70 participants, among which the Minister of Tourism, Deputy Minister of Economy, USAID, MSI, BAEF, various Bulgarian private hotel representatives. The event received broad media coverage.

TRAINING

Inventory Management Seminar, July 5

On 5 July, UD/FLAG held a seminar in Inventory Management. The seminar was attended by 17 representatives of 13 export-oriented Bulgarian producers: STS Holding Group, Trial Ltd, Solid Ladies Fashion, Unicoms Ltd, Globil Commerce, Sheider Electric Bulgaria, Doverie Brico, Bristol Meyers Bulgaria, Novo Nordisk, Totem SP, Kanex and Elcabel. Trainer for this seminar was Dimiter Tenchev, PhD in Economics and Quality Management and Logistics.

The seminar participants' exit evaluations were positive. 64% of the participants reported that the seminar was very useful for them, 75% said that the training met their expectations.

The seminar assists companies to improve customer service, reduce inventory cost, increase productivity, and achieve ISO quality standards necessary for EU integration. The topics covered during the seminar included: usage and demand, lead-time and safety allowance, order cycle and line point, EOQ, min/max and other replenishment methods, stock inventory investment, replenishment process, physical inventory and cycle counting.

Budgeting, July 12, September 27

In July and September, UD/FLAG organized two budgeting seminars in Sofia. The seminars trained 37 representatives of 19 Bulgarian export-oriented companies in the following clusters: Machine Building and Export Engineering, Paper Processing, Wood Processing, Wine Production, Bread Producers and Confectioners, Pharmaceuticals, IT, Consulting, Cosmetics. The seminar was facilitated by UD/FLAG consultant Ilian Komitski, MBA.

The seminars participants' evaluations showed that 88% of the participants reported that the seminars were very useful for them and 85% said that the training met their expectations.

This seminar strives to assist participants in developing a thorough knowledge and understanding of the theory, principles, concepts and techniques used in budgeting as an important part of the cost accounting system in a company. The objective was to assist managers in running a more effective business by improving their ability to examine the suitability and effectiveness of budgeting mechanisms. Budgeting is explained as the core enterprise management system. This seminar demystifies the process, explains the documents, and elevates the exercise of budgeting to its rightful place as a key component of strategic management.

Business Planning Seminars, September 12, 17, 18, 20

In September UD/FLAG organized four seminars in Business Planning that took place in Plovdiv, Varna, Burgas and Stara Zagora. The seminars trained 47 representatives of 36 Bulgarian export-oriented companies and five NGOs. The instructors for the seminar were UD/FLAG consultants Kevork Marshlian, Desimira Peicheva, Ivailo Nenov and Albena Antonova. The companies were from the following clusters: Cosmetics, Export-Import, Textile, Bakery, Canned Fruits and Vegetables, Pharmaceuticals, IT, Chemicals, Machine Building and Export Engineering, Consulting.

The seminar participants' exit evaluations were positive and the clients were quite satisfied with the content and overall quality of the seminar. 67% of the participants reported that the seminars were very useful for them, 82% said that the training met their expectations.

The UD/FLAG Business Planning Training Outreach helps companies understand tools and techniques in planning and financing their businesses to attract outside financing. The seminar presented the elements that are part of a sound business plan, how to identify a company's strengths, overcome its inherent weaknesses, and forecast business's financial requirements. The training explored the basic financial ratios and pro-forma financial statements as the most important part of the plan and discussed the importance of the business plan for obtaining finance or credit and raising capital.

BUSINESS PLANNING

Voinco Consortium

UD/FLAG assisted Voinco Consortium through the development of a job creation proposal, supported by strategic marketing analysis, concept of the project operational cycle and financial five-year plan for generating funds amounting to 9,000,000 BGN over the first two years of the project.

Voinco's plan is to take part in destroying surplus military equipment and generating alternative jobs for about 1,500 ex-military for the period of one-and-a-half year. Voinco Consortium, through its member the Union of Ex-military Personnel in Bulgaria, is involved in the process of adaptation and integration of the ex-military into civilian life. The Project incorporates two phases. Phase I calls for scrapping 100,000 tons of military equipment allocated in five categories. This phase is expected to last 18 months and generate 100,000 tons of ferrous and non-ferrous scrap metals. Phase II calls for exporting ferrous scrap and processing non-ferrous metals in the foundries of the consortium. During the second phase only part of the ex-military personnel will be involved, about 500 people.

The funds generated over the life of the project will be used during the second stage for financing alternative subprojects for the members of the Association of Military Veterans. The funds will finance small-scale subprojects supporting farmers, companies in the field of tourism and other entrepreneurs.

M&M – Mitko Hristov

UD/FLAG is assisting the client with preparation of a business plan that will be used to raise EUR 100,000 for the purchase of a production facility and equipment that will allow the company to diversify its production by setting up a mayonnaise, margarine and spreads production facility and create 10 new jobs.

FINANCE FACILITATION

Rubin SP

Rubin SP is a small company specialized in providing maintenance and repair services, as well as spare parts to owners of Mitsubishi cars. UD/FLAG is consulting the client on the development of a business plan to support an application for an investment loan of 250,000 BGN to UBB. The funds are needed for the construction of a car-wash and repairs facility complex where company clients can receive full maintenance service.

VIKON SP

UD/FLAG is providing consulting to VIKON SP, a small Sofia located company, on business plan preparation for raising 50,000 BGN. VIKON's major activity is the provision of construction maintenance and repair-related services, but the owner has decided to expand the activities and build a restaurant with a garden and a swimming pool in Nadezhda.

CONSULTING

Demetra SP

UD/FLAG is consulting Demetra SP, a small pottery located in the village of Shipkovo near Troyan, in exports facilitation and prospecting for business contacts for the U.S. market. The company management has decided to expand their activities and build a hotel near the pottery factory to start offering alternative tourism services.

C. CONTRIBUTION TO TARGETS

- women owned business - 1
- women managed business - 12
- female employees - 78

IR 1.3.2.1 Improved Business Performance of Private Sector Association Members			
INDICATOR	BASELINE	RESULT	RATIO
1. Export increase in assisted priority industry clusters.	N/A	\$4,341,709	N/A
2. Value of linkages in assisted priority industry clusters.	N/A	\$98,910	N/A
3. Growth in employment in assisted target firms. (Jobs created and retained)	214	1,472	N/A
4. Domestic sales increase in assisted priority industry clusters.	\$559,480	N/A	N/A
5. Improved competitiveness and efficiency of target industry clusters measured by increased sales per employee ratio.	\$2,614	\$2,966	N/A
6. Number of companies from assisted priority industry clusters introducing international industry standards such as ISO, HACCP, AQL, IAS, etc.	N/A	N/A	N/A
TOTAL NUMBER OF PROJECTS COMPLETED:	TOTAL NUMBER OF VOLUNTEERS / TRAINERS PROVIDED:	TOTAL NUMBER OF BUSINESSES IMPACTED:	
13	11	103	

NOTE: All of the above data is subject to Evaluation Committee verification.

D. FORECAST FOR NEXT QUARTER

Tourism Cluster

Based on the findings in THE EVALUATION OF THE GOWTH POTENTIAL OF SELECTED BULGARIAN TOURIST MARKETS AND DESTINATIONS conducted by UD/FLAG, during the next quarter and beyond we will provide technical assistance, consulting and training for the development as well as enhancement of small, locally owned and operated hotels, bed and breakfasts, and other services that make tourism work in not yet developed and non-traditional tourist areas of the country. Assistance will be targeted at the development of a competitive industry cluster at the regional and city level with the aim to increase the potential for exports, jobs generation and finance facilitation beyond the mass market beach destinations.

As part of its synergistic efforts, UD/FLAG will organize the participation and provide facilitation during a panel discussion with representatives of Bulgaian commercial banks at the National Eco Tourism Forum, October 2 – 5, 2002. The Forum is organized by ARD / Biodiversity Conservation and Economic Growth Project and the Ministry of Environment. The purpose of the panel discussion is to present the banks experience in financing eco tourism projects, as well as to discuss the needs and necessary steps that clients operating in eco tourism should undertake in order to be able to present bankable projects.

UD/FLAG will participate in a working group aimed at defining the concept, establishing the criteria and promoting on the national level the Green Hotel Award Initiative. UD/FLAG will provide consulting and training to members of the Bulgarian Private Hotel and Restaurant Owners Association on the adoption and implementation of best management practices, aimed at compliance with the requirements for participation in the Green Hotel Award.

A UD/FLAG tourism expert will make a presentation and participate in a Q&A session during a Sofia – Washington D.C. digital video conference, October 28, 2002. The goal of the meeting is to discuss the current status of the Bulgarian tourist industry in view of financing, training and increasing the qualification of the personnel, building competitiveness, infrastructure, cooperation within the sector and with other industries in view of raising the value added and improving the quality of services. The meeting is organized by the Economic Policy Institute. It is part of the activities within the Institute's project "Development Strategy for SMEs in the Bulgarian Tourism Sector", supported by the German Marshall Fund of the United States.

Finance Facilitation, Business Planning, and Consulting Services

UD/FLAG will continue on-going finance facilitation, business planning, consulting services and training offerings. The following trainings are part of our commitment for next quarter:

Financial Modeling with Excel, October 2002

This course will be delivered in a blended format. Financial modeling is one of the most powerful and widely used concepts available to senior level management for improving the odds of making good business decisions.

Competitive Intelligence Seminar, October 2002

The seminar explores Competitive Intelligence as a systematic and ethical program for gathering and analyzing information about competitors' activities and general business trends to further company goals.

Principles of Financial Accounting, October-November 2002

This course will be delivered for six weeks in a blended format. The course introduces the study of accounting principles to give an understanding of the theory and logic that underlie procedures and practices.

International Accounting Standards Course, October 2002

The training targets leading Bulgarian companies and aims to improve their compliance with international financial and accounting standards and their competitive performance, ability to satisfy external-reporting requirements, and adopt them with the purpose of achieving comparability across different industry sectors and countries.

Developing Marketing Concept and Strategy, October 2002

UD/FLAG will organize a marketing seminar aimed at introducing the principle concepts of marketing strategies and planning. The objective of this course is to explain the functions of marketing and sales departments, as well as to answer the question “how to compete with rivals and market leaders”. Participants will discuss the principles, evaluate the market niche potential, understand how their businesses can be competitive and how they can use their company’s competitive advantages to enter markets.

Inventory Management Seminar, October 2002

This seminar assists companies to improve customer service, reduce inventory cost, increase productivity, and achieve ISO quality standards necessary for EU integration. The seminar is designed for senior managers, finance directors, financial experts and analysts, and accountants.

The following courses are in process of preparation and will also be delivered next quarter: Total Quality Management, Effective Sales Skills, Export Marketing Strategies, Quantitative Methods, Business Valuation, Financial Statements Analysis.

Attachment A

IR 1.3.2.1 Improved Business Performance of Private Sector Association Members

Indicator # 1. Export increase in assisted priority industry clusters.

Indicator # 2. Value of linkages in assisted priority industry clusters.

Indicator # 3. Jobs created and retained. (Employment generated in assisted priority industry clusters.)

Indicator # 4. Domestic sales increase in assisted priority industry clusters.

Indicator # 6. Number of companies from assisted priority industry clusters introducing international industry standards such as ISO, HACCP, AQL, IAS, etc.

1.

a. Voinko Consortium, Metal Scrap, STTA

b. John Stocker, Dessimira Peycheva

c. Development of Financial Plan and Strategic Marketing Analysis

d. Baseline Data / Result Per Indicator

BASELINE DATA FY'01		RESULTS (give increment only)				
		Ind. #1	Ind. # 2	Ind. # 3	Ind. # 4	Ind. #6
1. Exports:	N/A	\$4,341,709		1,462		
2. Value of linkages:	N/A					
3. Jobs created and retained	197					
4. Domestic sales:	\$425,480					
6. Introduction of international industry standards (list them).	N/A					

2.

a. M&M Mitko Hristov, Food Processing, STTA

b. Kevork Marashlyan, Ivailo Nenov

c. Business Plan Preparation

d. Baseline Data / Result Per Indicator

BASELINE DATA FY'01		RESULTS (give increment only)				
		Ind. #1	Ind. # 2	Ind. # 3	Ind. # 4	Ind. #6
1. Exports:			\$98,910	10		
2. Value of linkages:	N/A					
3. Jobs created and retained	17					
4. Domestic sales:	\$134,000					
6. Introduction of international industry standards (list them).	N/A					

Attachment B
FLAG Coordination
ASD

1. ASD continued to provide FLAG member organizations with database monthly Implementation Status Reports and quarterly Client Baseline Reports.
2. ASD has assisted the activities of the Tracking, Follow-on and Evaluations Committee by providing reports of FLAG clients due for three, six and twelve months evaluation and generating Evaluations Committee database programmed quarterly reports.
3. ASD published on a monthly basis the FLAG Newsletter and distributed it to FLAG member organizations, other USAID funded partners, major clients, RDAs and local strategic partners.
4. ASD continued to provide maintenance and monthly update of the FLAG web site.